Munitions Executive Summit
Industry Leadership Panel

Randall L. Lansing
President, AMTEC Corporation
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State of Munitions Enterprise

Federal Government

- Defense budgets are in decline, but the threat to our country has not decreased
- Our country must have a defense capability that no country would dare to challenge
- Our leadership must maintain a strong defense presence!
- The USG will not come to Industry's rescue (barring a new significant event – Israel/Iran/Syria, etc.)

Defense Contractors

- Companies that have overstaffed and cannot perform will struggle to compete, and if they cannot compete, they will slowly die
- More companies will compete for fewer opportunities, resulting in some companies offering prices that are at or below cost. They do this in the interest of paying down overhead and prolonging life. Reality is that it weakens everyone!
- Some companies have overreached in acquisitions and expansions, with a staff designed for growth in a time of reduced opportunities. They will be forced to divest the least efficient operations.
- We all have been here before. It will be difficult, but the strong companies will survive!

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Improvement as an Enterprise

Relationship between the USG and Defense Contractors

- The USG and Contractors must be on the same page to understand implications of:
  - Tightening quality requirements on TDP's that were designed in the 1950's
  - Requiring state of the art processes on antiquated designs
  - Discouraging VECP's by extensive prove-out requirements
- Defense contractors must team and work together wherever possible:
  - Workload existing facilities instead of creating new
  - Utilize each other's talent to retain capability
  - Pick up key talent as other companies fail

Efficiencies and Better Buying Power

- Reduce overhead to remove marginal performers – ask employees to wear multiple hats
- Consolidate subcontractor components to receive bundled benefits
- Take measured risk in buying components in multiyear requirements
- Work with the USG to solicit a delivery schedule that provides wide flexibility that can be balanced by the winning contractor to the capability of the production line
- Encourage multi year requirements (not multi source IDIQ) to encourage investment in automation.

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